

# NASS

## Monthly Ag. Newsletter

NASS-NF25

"The Factfinders for U.S. Agriculture"

August 1999

The NASS monthly newsletter is published by the U. S. Department of Agriculture, National Agricultural Statistics Service (NASS), 1400

Independence Avenue, S.W., Washington, D.C. 20250.

For your convenience, all NASS reports are available free of charge on the Internet: <http://www.usda.gov/nass> / or via autofax by dialing 202-720-2000 from your fax machine.

For further information on these topics e:mail your inquiry to [nass@nass.usda.gov](mailto:nass@nass.usda.gov). or call 800-727-9540.

The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

**\*Wheat.** All wheat production is forecast at 2.31 billion bushels, down 9% from last year. The World Agricultural Outlook Board (WAOB) projected 1999/2000 ending stocks down 29 million bushels from July because of smaller production and higher domestic use. The projected price range for 1999/2000 is \$2.45 to \$2.95 per bushel compared to \$2.65 for the 1998 crop. The global forecast is down 2% from last year and projected ending stocks are down 9%. The winter wheat crop was 94% harvested as of August 15th.

**\*Corn.** The August forecast for 1999 corn production is 9.56 billion bushels, down 2% from last year. A market year average price between \$1.70 and \$2.10 per bushel is expected as compared to \$1.95 for the 1998 crop. Global production is expected to be 1% above last year while global 1999/2000 ending stocks are expected to be 8% above the previous year. The U.S. corn crop condition was rated 58% good to excellent as of August 15th compared to 68% a year earlier.

**\*Soybeans.** The 1999 soybean crop is forecast at a record high 2.87 billion bushels, up 4% from last year's record of 2.76 billion bushels. The market year average price is projected between \$4.10 and \$4.90 per bushel compared to \$5.00 for the 1998 crop year. Global 1999/2000 oilseed production is projected at a record 298.5 million tons, up 6.9 million tons from last year. The U.S. soybean crop condition was rated 51% good to excellent for the week ending August 15th compared to 67% a year ago.

**\*Cotton.** U.S. cotton production is forecast at 18.3 million bales, up 32% from last year. With world consumption and trade estimates virtually unchanged, world ending stocks are projected at 42.3 million bales, nearly 38% of total use.

**\*All Rice.** U.S. rice production is forecast at a record 214 million cwt, up 14% from last year. Texas and Louisiana harvest is underway. The market year average price is expected to average between \$5.50 and \$6.00 per cwt compared to \$8.80 for the 1998/99 crop.

**\*Other Crops.** The August **Durum Wheat** forecast, at 114 million bushels, is down 14% from last month and 19% from last year. The August **Other Spring Wheat** forecast, at 512 million bushels, is down 3% from both a month and year ago. **Grain Sorghum** is forecast at 588 million bushels, up 13% from 1998. **Barley** production is forecast at 281 million bushels, down 5% from July and 20% from 1998. The **peanut crop** is expected to be down 3% from last year; **dry edible bean** production up 2%; **tobacco** production down 8%; **alfalfa hay** production up 1%; and **other hay** production up 12%.

**\*Cattle.** August 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 head or more totaled 9.20 million head, up 2% from a year earlier. July placements were down 6% from the previous year. Marketings of fed cattle were 3% above 1998. At mid-August, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$65 per cwt. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$76 per cwt in mid-August, down \$1 from mid-July.

**\*Hogs.** Hog slaughter during July was 4% below a year ago. During recent weeks slaughter has been about 2% below last year. Prices at mid-August (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$38 per cwt, up \$5 from mid-July. Third quarter prices are expected to average \$33 with fourth quarter prices dropping to around \$29.

**\*Other Livestock.** July **milk production** was up 2.3% from the previous year. Production per cow increased 1.9%; however, the number of cows was almost unchanged from July 1998. The July **Basic Formula Price (BFP)** was \$13.59 per cwt, up \$2.17 from June. **Cheddar cheese prices** (U.S. 40 pound blocks, wholesale) increased 7.3 cents for the first week of August and 6.8 cents for the second week. During June, total **cheese** production was 4.5% above the previous year; **butter** production up 29.7%; and **nonfat dry milk** production up 23.8%. Wholesale market **egg prices** for the third quarter of 1999 are expected to average 66-68 cents per dozen, compared with 76.0 cents a year ago. Fourth quarter 1999 market egg prices (Grade A Large, New York) are expected to average 73-77 cents per dozen.

compared with 81.7 cents a year ago. As of the week ending August 14, 1999, cumulative **broiler placements** in 15 selected states were 4.63 billion, up 3% from the same period a year earlier. The wholesale 12-city third quarter average price for whole broilers is expected to be 58-60 cents, compared to 70.4 cents for the third quarter of last year. Fourth quarter 1999 broiler prices are expected to average 55-59 cents per pound, compared with 64.5 cents a year earlier. Cumulative **turkey poult placements** through July for the 1999 marketing year were 271 million, 3% less than the same period a year ago. Placements in July, at 26.8 million, were 2% more than last July. Prices (8-16 pound hens, Eastern Region) for the third quarter of 1999 are expected to be in the 69-71 cent range compared with 63.4 cents for the third quarter last year. Turkey prices for the fourth quarter of 1999 are expected to average 74-78 cents per pound compared with 71.2 cents for the fourth quarter of 1998. **Supplies in refrigerated warehouses** the end of July compared with a year earlier were: chicken, up 63; turkeys, down 14; pork, up 21; beef, down 4; and frozen orange juice, down 20%.

**\*Trade.** August U.S. **trade projections** for rice improved while 1999/2000 export prospects for soybeans, beef, and turkeys declined compared with last month. Wheat, corn, cotton, pork, and broilers were unchanged from July. August projections for the volume of exports for the 1999/2000 marketing year compared to 1998/1999 are: **wheat** up 10%; **corn** down 1%; **rice** unchanged; **soybeans** up 16%; **soybean meal** up 15%; **soybean oil** down 15%; and **cotton** up 36%. August projections for the volume of meat exports in calendar 2000 compared to 1999 are: **beef** down 4%; **pork** down 4%; **broilers** down 1%; and **turkeys** up 4%. The U.S. **trade** deficit for goods and services increased to \$24.6 billion in June, from a revised \$21.2 billion May. The U.S. **agricultural trade** surplus was \$520 million in June, compared with \$423 million in May.

**\*Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, increased 0.3% in July and has increased 2.1% over the last 12 months. The **PPI** increased 0.2% in July. This followed a decrease of 0.1% in June. For the 12-month period ending in July, the PPI increased 1.5%. The July **prime rate**, averaging 8.00%, was up from 7.75% in June. Compared to a year earlier, **feed** prices in July were down 13%; **feeder livestock and poultry** prices up 11%; **fertilizer** down 8%; **ag chemicals** up 2%; **farm machinery** up 2%; **seeds** down 2%; and **fuels** up 11%.

**\*World Weather and Crop Developments** (August 8-14). In the **United States**, a narrow band of thunderstorms delivered much-needed moisture for dry crops as they moved eastward across the Corn Belt. Crops in areas of the Corn Belt north and south of the storms continued to be stressed by moisture shortages. Below normal temperatures partially alleviated crop stress caused by dry soils. Scattered rains aided crops in the Southeast, but crops suffered in most areas due to moisture shortages and excessive heat. Unfavorable heat and dryness returned to major corn, sunflower, and sugar beet producing areas in **southern Russia**, causing further deterioration in crop conditions. In Northern Russia, light to moderate showers continued a wet weather pattern that has persisted since the middle of July. In most of the **North China Plain**, much-needed rain eased stress on filling corn and soybeans. In southern **Brazil**, frost on Sunday, August 15, possibly damaged reproductive winter wheat in eastern Rio Grande do Sul and eastern Parana. Light to moderate rain maintained adequate soil moisture for vegetative to reproductive wheat across the region. Dry weather prevailed across most of central **Argentina**, reducing topsoil moisture for germinating winter wheat. In **Canada**, scattered, generally light to moderate showers covered the Prairies. The rainfall was favorable for immature grains and oilseeds. In eastern Canada, showery, somewhat mild weather hampered winter wheat harvesting in Ontario but helped immature corn and soybeans. In July, cool, wet weather plagued most Prairie crop areas, fostering disease and weed concerns and keeping crop development behind schedule. The exceptions were sections of southern Alberta and the Peace River Valley, which were unfavorably dry and could have used more moisture for normal crop development. In mid-July, an unusual freeze reportedly caused some frost damage to oilseeds in parts of Alberta.

**\*Other News.** Farm prices for U.S. **soybeans** are expected to plummet to their lowest level since the 1972/73 marketing-year average as farmers confront the third consecutive year of record soybean crops. As supplies mount, prices are expected to fall to \$4.10-\$4.90 per bushel in 1999/2000 from \$5 per bushel last season. Compounding the impact of a bumper crop is the uncommon concurrence of weak prices and exports in 1998/99, nearly doubling U.S. ending stocks from a year earlier. Until world demand can work down large global stocks of soybeans and soybean products, U.S. producers will rely on government marketing assistance loan benefits to support their incomes. The \$7.4-billion **farm aid package** passed by the U.S. Senate on August 4, 1999, was a response to this year's low field crop prices. The House of Representatives is expected to consider a similar measure after the August congressional recess and, if the aid is delivered before the calendar year end, the legislation would raise 1999 total net farm income well above last year's level and the average level of the 1990's. The **North American Free Trade Agreement (NAFTA)** has generally contributed to the expansion of U.S. agricultural trade with Canada and Mexico. Agricultural exports to these two countries have risen from an annual average of \$7.4 billion during 1989-93 to \$11.3 billion during 1994-98. For several U.S. agricultural exports, NAFTA has had a relatively large proportional impact, including beef and processed tomatoes destined for Canada, as well as cattle, dairy products, apples, and pears destined for Mexico. Agricultural imports from Canada and Mexico have also increased--climbing from an average \$6.2 billion during 1989-93 to \$10.5 billion during 1994-98. NAFTA has boosted U.S. imports of Canadian beef and Mexican peanuts more than 15%. More general gains from the agreement include reorientation of trade in which regional, cross-border exchanges may replace less economical within-country exchanges.

-----

To order printed copies of NASS reports, call the toll-free sales order desk direct at 1-800-999-6779. For further information on NASS programs, products, and services call toll-free 1-800-727-9540. The next newsletter will be issued on September 24, 1999.